

The Director
Standing Committee on State Development
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To Whom It May Concern

RE: Response to the 'Inquiry into regional aviation services' hearing to questions taken on notice and an amendment to the transcript.

Regional Development Australia (RDA) Riverina is responding to the transcript and questions taken on notice during the Inquiry into regional aviation services hearing on 10 June 2014.

In response to a question from The Hon Mick Veitch regarding the funding for the Griffith Regional Airport Upgrade, Lani Houston responded that the project was funded through the Regional Development Fund (RDAF) round two when the project was actually successful and funded in round one.

Information is provided in response to the question taken on notice 'How long ago was the 'En-route rebate subsidy scheme'. The response is outlined below:-

1) How long ago was the En-route rebate subsidy scheme operating

The en-route rebate subsidy scheme was a Commonwealth initiative to support airline services into new regional routes. The scheme ceased on 1st July 2012ⁱ.

2) Some suitable structure for the En-route Rebate subsidy scheme

The current Australian Government is committed to reintroducing the schemeⁱⁱ and allocations have been made in the Government 2014-2015 budgetⁱⁱⁱ. The guidelines and criteria have not been finalised but are due for release later this year. The new en-route rebate scheme is promised to be better targeted for regional commercial airline carriers to support low volume and new routes to small and remote communities. In the development of this new En-route rebate scheme there is opportunity for the NSW Government to provide input in regard to how best this could provide opportunity for regional services in NSW.

The Queensland Government currently operates rebate scheme for a number of transport services including rail, bus and air services. The Queensland Government currently regulates 10 air services in the state, including annual subsidies totalling \$8.7 million for subsidising five of the regulated routes^{iv}. The QLD Government is currently reviewing long distance subsidies and discussion with the QLD Government regarding their findings would be valuable in developing a en-route rebate subsidy in NSW that connects with the proposed Commonwealth initiative.

The previous Commonwealth en-route rebate scheme subsidised the en-route air traffic control charges paid by more than 40 regional airlines and other operators. Regional airline and aeromedical



aircraft with a maximum take-off weight of 15 tonnes or less, such as Saab 340s, Metros and Piper Chieftains, will continue to be eligible for the scheme. Larger weight requirements may be considered for a new scheme to regional areas where there are no or only 1 operator and potential for freight capabilities. The scheme would be based around passenger numbers encouraging all stakeholders ie airline, airport, Local Government etc to work collaboratively to improving usage.

Assistance was also extended to services provided on sole operator routes by aircraft between 15 and 21 tonnes flown by operators wholly based in Western Australia. The extension recognised the circumstances involved in flying to regional Western Australian destinations, which require the use of larger aircraft.

An alternative approach to the Enroute Rebate scheme is the Brisbane Airport Corporation (BAC) – Growth Incentive Rebate Scheme (GIRS) which started in 2005^v. The BAC rebates 50 percent of its passenger service charge to airlines that achieve growth in passenger volumes of more than 5 percent on the previous year. The rebate is both a reward and an incentive for airlines to increase passenger numbers each year and provides essential funds for operators to promote their services to Brisbane. The GIRS monies are intended for re-investment in passenger marketing to grow demand for flights to Brisbane Airport and stimulate growth for Queensland.

This model could be used at Sydney Airport, Bankstown and possibly Badgery's Creek airport. However promotional activity could occur in the regions where new routes have been instigated to alert the community or region to the new service. This model also supports the airport to share the benefit of growing passenger activity and is a central instrument in investing in the continuing success of our airline partners. Local Government and operates of regional airports would be integral to the scheme. A NSW state specific requirement could be incorporated in the Commonwealth Rebate scheme as was previously done with Western Australia.

Successful activities funded by the Brisbane Airport Corporation (BAS) GIRS include advertising across all mediums, travel agent incentives and functions, sales staff training, tactical campaign advertising, website upgrades and media famils. Since its launch six years ago, the GIRS has contributed more than \$25 million towards airline campaigns promoting Brisbane and Queensland.

Yours faithfully,

Tom Watson
Chair
RDA Riverina

ⁱ Regional Aviation Association of Australia: Call for Action on Regional Aviation Policy, 13 March 2013

<http://www.aviationbusiness.com.au/files/dmfile/RAAAPolicyDocument.pdf>

ⁱⁱ The Coalition Policy for Aviation , August 2013. <http://paweb-static.s3.amazonaws.com/Coalition%202013%20Election%20Policy%20%E2%80%93%20Aviation%20%E2%80%93%20final.pdf>

ⁱⁱⁱ Department of Infrastructure and Regional Development Portfolio 2014-2015 Budget Statement http://www.infrastructure.gov.au/department/statements/2014_2015/budget/files/2014-15_PBS-Infrastructure_and_Regional_Development_Portfolio.pdf

^{iv} QLD State Government <http://statements.qld.gov.au/Statement/2013/6/25/skies-to-open-between-cairns-and-weipa>

^v Brisbane Airport Australia <http://www.bne.com.au/news/bac-incentive-rebate-drives-passenger-growth-qld>